

Extending the Retirement Age and Skills Development of Company

Jaesik Jun, Mirhan Kim, Yongjin Nho

The purpose of the study is to suggest what direction skills development for elderly workers should be realized in companies and in what direction skill development policies should be developed in response to making the extension of the retirement age mandatory. This study's results are as follows:

First, the participation ratio for the vocational training of the elderly workers was lower than that of young and middle-aged workers. Moreover, voluntary participation rate of the elderly workers themselves was very low.

Second, the execution of the elderly worker's vocational training did have an effect on the increase in productivity. However, its effect is lower than that of young and middle-aged workers.

Third, the companies were recognizing different problems that arose due to the extension of the retirement age. The main concerns were the increase in cost of labor, followed by skills obsolescence, mismatch between the competence demanded by the firm and the performance of the elderly workers, and lack of duties that could be accomplished by the elderly workers. Recognition of these problems confirmed that expanding vocational training investment in companies and relating these investments to the increase in productivity are the long-term goal for both government and companies to prevent the decrease in competence and performance of the elderly workers.

Fourth, after the extension of the retirement age, companies had dominant consensus on the fact that there needs to be equal or more vocational training investments for the elderly workers than the past. At the same time, the companies were asking the government to provide: supports for the training fee of employment insurance; consulting of human resources

management in companies; development and supply of vocational training program specialized for the elderly workers.

Fifth, despite the long-term characteristics of extending the retirement age, companies were just concerned with cutting down short-term cost of labor and as a result, the wage peak system was being considered as the major countermeasure for the extension of retirement age. On the other hand, there were limited opportunities to participate in the vocational training specialized for the elderly workers, which clearly showed the fact that there is a desperate need to reinforce the preparation for extending the retirement age.

Sixth, as of vocational training needed for the elderly workers, the following were mentioned: training about the new technology trend; training to prepare for reemployment after retirement; moral education to improve attitudes.

The ideal system would be to increase the productivity of elderly workers through vocational training, which will eventually extend the retirement age without putting pressure on the companies. In order to do this, there needs to be a close cooperative system between workers, companies, and government.

First, roles of the companies are the followings. Companies have to implement vocational training that is fit for each individual's capability and positions. They also have to transform into a system that works around job functions when it comes down elderly workers' personal management. Moreover, elderly workers should be relocated so that they would be positioned for a position more adequate for their age.

Second, roles of the workers are the followings. Elderly workers have to actively participate in the vocational training. Participation of the labor union is also important, as they are the workers' representative organization that can not only actively talk with the management to talk about the needs of vocational training but also induce management's participation. Therefore, it is crucial to draw cooperation between labor and management.

Third, roles of the government are the followings. The government needs to develop various policies in regards to the vocational training for the elderly workers: establish a differentiated policy to satisfy the diverse group of elderly workers; set priority for certain target group and concentrate on supporting them extensively; plan policies based on concrete analysis of the vocational training demands. Furthermore, a mandatory clause should be made

in order to obligate the support of elderly workers' vocational training as a measure for extending the retirement age. A database to measure the productivity of elderly workers should also be built and provide.